

VZCZCXYZ0000
RR RUEHWEB

DE RUEHSN #0689 2031908
ZNR UUUUU ZZH
R 221908Z JUL 09
FM AMEMBASSY SAN SALVADOR
TO RUEHC/SECSTATE WASHDC 1419
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEAWJA/DEPT OF JUSTICE WASHINGTON DC

UNCLAS SAN SALVADOR 000689

SIPDIS
SENSITIVE

E.O. 12958: N/A
TAGS: [EFIN](#) [ETTC](#) [KTFN](#) [ES](#)

SUBJECT: NEW FINANCIAL SYSTEM SUPERINTENDENT DISCUSSES REFORMS, US
COOPERATION

¶1. (SBU) SUMMARY. In addition to his regulatory duties, new Superintendent of the Financial System Victor Ramirez is actively involved in an ambitious reform agenda for the financial system, including a consolidated supervision law and a new credit card law. The slow pace of financial laws in the Legislative Assembly, however, suggests that only a small part of his reforms are likely to become reality. Ramirez's interest in cooperation and technical assistance on combating money laundering and terrorism finance provides a new opportunity for the USG to reengage with El Salvador's banking regulator. End summary.

¶2. (SBU) On July 10, A/Econcouns called on new Superintendent of the Financial System Victor Antonio Ramirez Najarro. In addition to his duties as banking system regulator, Ramirez stated that he was actively involved in proposed financial reforms within the government. Ramirez noted that a long-awaited effort to combine the Superintendents of the Financial System, Stock Market, and Pensions into a unified regulator was again stalled in the Assembly. He expected the law to pass eventually, since the International Monetary Fund (IMF) was requiring it as part of future assistance, and noted that once it passed the integration process would take two to three years.

¶3. (SBU) The Superintendency is also analyzing a proposed Credit Card Law before the Legislative Assembly (additional details reported septel). Ramirez said that the Government of El Salvador (GOES) was concerned that a proposed interest rate cap would restrict credit to only around 10 percent of the population. The GOES was therefore looking at alternative reforms to propose. Ramirez inquired about recent changes in the US, and A/Econcouns agreed to send a summary of recent US credit card reforms.

4 (SBU) Ramirez reported that other pending projects include an Investment Funds Law, a Personal Bankruptcy Law, reforms to the Insurance Law, reforms to the Consumer Protection Law regarding financial issues, and reforms to the Securitization Law. The Superintendency was also considering a regulation that would require the Presidents and Directors of financial institutions to be physically present in El Salvador for board meetings.

¶5. (SBU) Discussing money laundering and efforts to combat terrorism finance, Ramirez said that he was very interested in cooperation with the US and possible technical assistance, specifically on detecting money laundering. Ramirez will submit a letter with a formal request for assistance to the Embassy.

¶6. (SBU) COMMENT: A technocrat, Ramirez appeared eager to restart a relationship with the US on money laundering and terrorism finance. His designation provides an opportunity to reengage the Superintendency, as Ramirez's predecessor had previously refused offers of assistance and training from INL and kept cooperation to a minimum. Given the slow pace at which past financial reforms have moved through the Assembly, most of Ramirez's ambitious reform agenda is unlikely to prosper. END COMMENT.

17. (U) BIO NOTE: Ramirez previously served as Superintendent of Pensions in the Saca Administration from January 2005-May 2009. He was Manager of the Pensions System (Intendente in Spanish) between 1997 and 2004 and was a member of the Technical Commission for the Reform of the Salvadoran Pensions System from 1994-1996. From 1987-1993, he was part of the Social and Economic Advisor Group of the Planning Ministry. He holds an Economics Degree from the Central American University "Jose Simeon Canas" (UCA).

Blau